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July 20, 2011

VIA HAND DELIVERY AND ECFS

Marlene H. Dortch, Esq.
Secretary
Federal Communications Commission
Office of the Secretary
445 Twelfth Street, S.W., Room TW-A325
Washington, DC 20554

Re: *Applications of AT&T Inc. & Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses & Authorizations*, WT Dkt No. 11-65
REDACTED – FOR PUBLIC INSPECTION

Dear Ms. Dortch:

In accordance with the First and Second Protective Orders[1] in the above-referenced proceeding, AT&T Inc. and Deutsche Telekom AG (collectively, the "Applicants") are jointly filing herewith, two redacted copies (and a further redacted copy via ECFS) of a submission to address certain concerns raised by commenters, most recently Sprint in its July 11, 2011 *ex parte*, with respect to the competitive significance of other wireless carriers on several so-called "key characteristics."

This filing includes two paper copies of a redacted version of the Applicants' submission, including exhibits and Appendix of Competitor Carriers ("Appendix"). A redacted version of the Appendix is also being submitted on the enclosed CD-ROM. The redacted version of the submission, including the exhibits but not (due to size) the Appendix, also is being submitted via ECFS. An unredacted version of this submission,

[1] *In re Applications of AT&T Inc. & Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses and Authorizations*, WT Dkt No. 11-65, Protective Order, DA 11-674 (WTB rel. Apr. 14, 2011); *In re Applications of AT&T Inc. & Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses & Authorizations*, WT Dkt No. 11-65, Second Protective Order (Revised), DA 11-1100 (WTB rel. June 22, 2011), *modified*, DA 11-1214 (WTB rel. July 19, 2011) ("Second Protective Order").

including exhibits and Appendix, is being filed contemporaneously with your office under separate cover.

The Applicants are also submitting two copies of the Highly Confidential filing, including exhibits and Appendix, to Kathy Harris of the Wireless Telecommunications Bureau or her designee under separate cover.

If you have any questions or require further information, please contact me at 202-942-5404 or at Wilson.Mudge@aporter.com. Thank you for your assistance.

Sincerely,

/s/

Wilson Mudge
Counsel for AT&T Inc.

/s/

Nancy J. Victory
Counsel for Deutsche Telecom AG

Enclosures

cc (via email): Best Copy and Printing, Inc.
Kathy Harris, Esq.
Ms. Kate Matraves
Jim Bird, Esq.

INTRODUCTION

Several commenters, notably Sprint in its recent *ex parte*, have argued that the four so-called national wireless carriers, AT&T, Verizon, T-Mobile USA, and Sprint ("AVTS carriers") do not compete closely with other wireless carriers including MetroPCS, Leap (Cricket), U.S. Cellular, and other regional or no-contract carriers.[1] In particular, Sprint has claimed that these other carriers, which it characterizes collectively as "fringe" competitors, differ so substantially from the AVTS carriers in a series of supposed "key characteristics" that they could not constrain a price increase by the AVTS carriers post-transaction.[2] In this paper, the parties address these concerns and demonstrate that other carriers do in fact compete effectively with the AVTS carriers with respect to these supposed key characteristics, including: (1) service offerings; (2) coverage footprint; (3) handsets; (4) brand image; and (5) customer demographics.[3]

As a preliminary matter, the economic analysis the parties have presented to the Commission demonstrates that output will expand significantly and that the acquisition will not result in increased prices. In addition, AT&T wishes to emphasize that, consistent with its practice in prior acquisitions and desire to retain as many T-Mobile USA customers as possible, T-Mobile USA consumers will have the option to keep their current T-Mobile USA pricing plans for existing services, and as such, no price increase to these consumers post-transaction will take place. In fact, T-Mobile USA customers will have the option to renew their contracts and, if they wish, to exchange their existing handsets for comparable handsets from AT&T's device portfolio, all while keeping their existing plans.[4] Thus, even if other carriers did not compete effectively against AT&T (and, as explained below, they unquestionably do), T-Mobile USA consumers would not face price increases as a result of the transaction.

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[1] The parties do not accept the characterization that AT&T, Verizon, T-Mobile USA, and Sprint are the only "national" carriers, or that a meaningful distinction can or should be drawn between those four carriers and other carriers. For ease of reference we will refer herein to those four carriers as the "AVTS carriers," and to all other carriers as simply "other carriers."

[2] *See* Ex Parte Notification of Sprint, *Applications of AT&T Inc. and Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses and Authorizations*, WT Docket No. 11-65 (filed Jul. 11, 2011); *see also* Comments of American Antitrust Institute, WT Docket No. 11-65 (filed May 31, 2011).

[3] Sprint also maintains that the vague term "business model" represents a distinguishing characteristic. A carrier's business model is relevant to competition insofar as it reflects or influences those characteristics customers may value in a competitive offering, such as rate plans, coverage footprint, and handsets, which are discussed in detail below.

[4] Declaration of David Christopher, Chief Marketing Officer, AT&T Mobility Inc., at ¶ 47 (April 21, 2011) ("Christopher Decl.").

This paper and the accompanying exhibits and Appendix[5] explain that other carriers compete effectively against the AVTS carriers on the basis of the foregoing characteristics, and that these features do not separate other carriers from the AVTS carriers for purposes of the Commission's analysis. Specifically, in Section I below, we explain the fundamentally local nature of the market for wireless services, as repeatedly found by the Commission, which illustrates the weakness of any analytical approach that discounts the importance of certain competitors merely because they are not present in every market across the country. In Section II, we demonstrate that the significant success other carriers are having in numerous local markets today refutes the hypothesis that any of these features give the AVTS carriers some kind of insuperable competitive advantage. In Section III, we then discuss the supposed distinguishing characteristics above and demonstrate how other carriers compete effectively with regard to each of them.

I. The Market for Wireless Services is Local

Any analysis of competition in mobile wireless services must begin with the recognition that such competition is fundamentally local. As the Commission has found repeatedly, the appropriate relevant market for analysis of such services is local because consumers shop for competitive mobile wireless alternatives "in the areas where they live, work, and travel" and "are unlikely to search for providers that do not serve their local areas."[6] Indeed, [**Begin Confidential Information]**
[**End Confidential Information]** of AT&T's gross subscriber additions in 2010 came from local retail stores (*e.g.*, company-owned stores, local dealer agent stores and "big box" retail stores), and this percentage is essentially identical to the industry-wide figure calculated by a leading third-party research firm. Some carriers, like MetroPCS at [**Begin Confidential Information]** [**End Confidential Information]**, have an even higher percentage of sales through their local outlets.[7]

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[5] The accompanying Appendix of Competitor Carriers ("Appendix") contains materials pertaining to a number of other carriers, including coverage maps, competitive advertising, and handset portfolios.

[6] Annual Report & Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Services, at ¶ 23, 47 n.117 (June 24, 2011) ("15th Competition Report"); *see also,* Applications of AT&T Inc. and Centennial Communications Corp. for Consent to Transfer Control of Licenses, Authorizations, and Spectrum Leasing Arrangements, WT Docket No. 08-246, *Memorandum Opinion and Order*, 24 FCC Rcd 13915 (2009) (*AT&T-Centennial Order*); Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC For Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and *De Facto* Transfer Leasing Arrangements and Petition for Declaratory Ruling that the Transaction is Consistent with Section 310(b)(4) of the Communications Act, WT Docket No. 08-95, *Memorandum Opinion and Order*, 23 FCC Rcd 17444 (2008) (*Verizon Wireless-Alltel Order*).

[7] Christopher Decl. ¶ 12.

AT&T's sales organization reflects this key competitive reality. Consumers make their wireless purchasing decisions at the local level—where they can see the devices, speak with sales representatives about the products and services, and comparison shop among competitors. In local markets around the country, AT&T operates a mix of different retail outlets including company-owned retail ("COR") stores, local dealer stores, and outlets in major retail chains such as Best Buy and Radio Shack. As they do with other competitive decisions such as offering local promotions or crafting targeted advertising campaigns, AT&T's local managers choose carefully the mix and locations of these retail outlets to optimize their effectiveness in responding to competitive conditions in their areas.

Similarly, as described in the Declaration of James Alling, in 2010, T-Mobile USA also undertook a broad-based reorganization of its sales and marketing operations to adopt a focus on local variation and responses to local competition. This reorganization was motivated by T-Mobile USA's experience that consumers buy wireless services based on availability and particular preferences in local areas and that competitive dynamics vary dramatically from local market to local market. T-Mobile USA previously had been organized nationally and marketed its services primarily on a national basis, but this model was not successful. As a result, T-Mobile USA has also recognized that both the location of its retail stores and local promotions and partnerships that appeal to and resonate with customers are critical to building and maintaining a strong customer base in any market. Under the new structure, T-Mobile USA provides a nationwide support framework, but each of 23 local regions is responsible for its own sales and marketing operations, including management of local retail and distribution channels and strategies, local advertising and promotions, and personnel decisions.[8]

As we demonstrate below, regardless of whether there are "key characteristics" that apply to the services offered by the AVTS carriers, other carriers clearly have the attributes necessary to compete on the local market level, and any such "key characteristics" are, in fact, common to other carriers as well.

II. Other Carriers Compete Successfully Against AVTS Carriers

A. Other Carriers Have More Subscribers than AVTS Carriers in Many Local Markets

First and foremost, it is impossible to reconcile the great success carriers other than the AVTS carriers have had in a number of local markets with the notion that these carriers do not have the necessary characteristics to be fully competitive. In many areas, one or more of the other carriers commands a greater share of subscribers than one or more of the AVTS carriers. Indeed, in a number of major markets, carriers other than the AVTS carriers have the highest or among the highest subscriber shares. This

[8] Declaration of James Alling, Chief Operations Officer and Executive Vice President, T-Mobile USA, Inc., at ¶¶ 11-20 (June 9, 2011).

phenomenon makes clear that these other carriers have the competitive characteristics that consumers find important.

If the four AVTS carriers enjoyed an inherent superiority based on some defining characteristic(s) not shared with other carriers, one would expect the four AVTS carriers to occupy the top four share positions in *every* local market, with the other carriers trailing behind. This is not the case. Data establishes that at least one of the other carriers exceeds the share of at least one of the AVTS players in at least [**Begin Confidential Information]** [**End Confidential Information]**. *See* Exhibit 1.

Nor are these DMAs merely neglected backwaters or sleepy hamlets where the AVTS carriers do not bother to compete. They include [**Begin Confidential Information]** [**End Confidential Information]**. *See* Exhibit 1.

Indeed, one of the other carriers is ranked either #1 or #2 in subscriber share in at least [**Begin Confidential Information]** [**End Confidential Information]** DMAs around the country, according to AT&T internal estimates.[9] *See* Exhibit 1. These DMAs include metro areas such as [**Begin Confidential Information]** [**End Confidential Information]**. It follows then that, because they are demonstrably capable of being the market leaders in many local markets around the country, there is no intrinsic limitation on these carriers that relegates them to "second-tier" status from a competitive standpoint.

Share of gross subscriber additions ("gross adds") is another metric typically used in the industry to measure competitive activity. Several of the other carriers have shares of gross adds that dramatically exceed their subscriber shares, as well as surpass the gross add shares of their AVTS carrier rivals. The fact that their shares of gross adds exceed their current market shares, as is the case in numerous DMAs across the country, suggests that these other carriers are growing, often rapidly, and that their current market position understates their future competitive significance. For example, in May 2011, MetroPCS's estimated share of gross adds exceeded its current share in among other places [**Begin Highly Confidential Information]** [**End Highly Confidential Information]**. Similarly, in May 2011, Leap's share of gross adds

[9] All figures for shares of subscribers and shares of gross subscriber additions refer to AT&T internal estimates. AT&T prepares its internal share estimates in the ordinary course on the basis of Designated Marketing Areas ("DMAs") as defined by the Nielsen company.

exceeded its current share in [**Begin Highly Confidential Information]**

[**End Highly Confidential Information]**. This indicates that other carriers are only becoming more competitively significant and will be even more so in the near future.

III. Other Carriers Compete Successfully on the Basis of Allegedly "National" Characteristics

A. *Service Offerings*

Rate plans

Sprint has suggested that the service offerings of other carriers are substantially different from, and less competitive than, those offered by the AVTS carriers. This argument is not supported by the facts. In reality, many other carriers offer robust combinations of voice, data, and text plans and features that are fully competitive with those of the AVTS carriers.

An examination of the plans offered by other carriers shows that they are very comparable to those offered by the AVTS carriers, and can be significantly less expensive. In particular, as the attached comparison of carrier plans demonstrates, a wide variety of the other carriers offer nationwide pricing plans, unlimited talk plans and unlimited talk, text and data plans, as well as individual, family and multi-line plans. *See* Exhibit 2. MetroPCS and Cricket, for example, both offer unlimited no-contract plans with nationwide service for a lower monthly rate than either AT&T or T-Mobile USA.

Not surprisingly, the other carriers explicitly emphasize and promote the comparability of their offerings and attractive pricing to those of the AVTS carriers, which they expressly describe as their competitors. MetroPCS told the Commission earlier this year that its "most expensive all-inclusive plan . . . is priced well below the unlimited voice and data offerings of all of MetroPCS' major competitors," and cited both AT&T's and T-Mobile USA's comparable plans as among the "substantially more expensive" alternatives.[10]

In advertising, Leap aggressively compares its smartphone plans feature-by-feature to those of AT&T and Verizon, touting them as offering more for "half the price" of the AVTS carriers. *See* Exhibit 3. Leap has reported a "significant upsurge" in customers migrating to its more expensive smartphone data plan which includes unlimited voice and text, and 1 GB of data for $55 a month.[11] Similarly, U.S. Cellular

[10] Letter from Carl Northrop, Counsel to MetroPCS, to Chairman Genachowski, GN Docket No. 09-191, at 12, n.42 (Feb. 14, 2011).

[11] *Leap Wireless (Cricket) to Offer 4G LTE Lilly Pads* (Dec. 9, 2010), http://thedroidguy.com/2010/12/leap-wireless-cricket-to-offer-4g-lte-lilly-pads/. Leap's CEO also recently stated, "Our business progress demonstrates how data services are increasingly important to our customers, as evidenced by our customers' significant

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offers on its website a tool called the "Planalyzer" that customers can use to compare the monthly cost and included features of U.S. Cellular's rate plans to those of AT&T, Verizon, T-Mobile USA, and Sprint. *See* Exhibit 4 (showing U.S. Cellular's 450-minute plan with unlimited messaging and 5GB of data is cheaper than AT&T 450-minute plan with unlimited messaging and 2GB of data). U.S. Cellular's website also notes: "We noticed the other guys' plans cost more than they say. See how our plans stack up."[12] Cellular South launched a webpage that specifically targets AT&T customers, which states: "Get unlimited talk, text, email, and web at a price that saves you over $40/month compared to AT&T or Verizon."[13] *See* Exhibit 5.

A variety of other smaller carriers also explicitly compare their rate plan offerings to the AVTS carriers. For example, Revol Wireless' website has a savings comparison chart that compares Revol's plans to plans offered by AT&T and Verizon, listing the monthly savings, annual savings, and savings over two years from switching to Revol Wireless from either AT&T or Verizon. *See* Exhibit 6 (showing Revol's unlimited talk and text plan is cheaper than comparable AT&T and Verizon plans). nTelos has a "Switch and Save" tool on its website that allows customers to estimate annual savings versus AT&T, Sprint, T-Mobile USA, U.S. Cellular, Verizon, and other carriers based on plan details and features.[14] *See* Exhibit 7.

Network Speed/Quality

To the extent the competitiveness of a carrier's service offerings may be affected by the speed and quality of its network, in that area too, many other carriers stack up effectively against the AVTS carriers. Many other carriers are deploying the most advanced network technologies, including LTE. MetroPCS (not Verizon) was the first U.S. facilities-based provider to launch a network using LTE technology, and as of January 2011 had launched LTE in all of its major metropolitan areas.[15] LTE technology

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uptake of smartphones and data-focused, higher-ARPU service plans." Press Release, *Cricket Enters into 4G Roaming Agreement with LightSquared* (Mar. 22, 2011), http://phx.corporate-ir.net/phoenix.zhtml?c=191722&p=irol-newsArticle&ID=1541451&highlight=.

[12] http://www.uscellular.com/plans/planalizer.html.

[13] http://www.cellularsouth.com/DiscoverCenter/why-cs/att.jsp.

[14] http://www.nteloswireless.com/switchandsave/.

[15] *MetroPCS May 3, 2011 Earnings Call Tr.* at 46; Press Release, *MetroPCS Launches First 4G LTE Services in the United States and Unveils World's First Commercially Available 4G LTE Phone* (Sept. 21, 2010) ("Today, MetroPCS Communications Inc. became the first mobile operator to launch commercial 4G LTE services in the United States"), http://www.metropcs.com/presscenter/articles/mpcs-news-20100921.aspx; Press Release, *MetroPCS Launches 4G LTE Service in Atlanta, Jacksonville, Miami and*
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has allowed MetroPCS to enjoy greater capacity and to offer faster download speeds on a platform optimized for data service.[16] The company expects to finish the "majority of [its] planned build out by the end of 2011,"[17] and plans to implement Voice over LTE (VoLTE) so that it can carry its voice as well as data traffic over LTE, thus freeing up spectrum for redeployment that is currently tied up supporting legacy CDMA service.[18] Phase two of MetroPCS' LTE buildout will be completed by the end of this year, and will involve deploying LTE at all of the carrier's 11,000 cell sites.[19]

Leap has begun LTE testing and, in March 2011, accelerated its 4G deployment plans by entering into a major spectrum arrangement with LightSquared to "supplement the LTE coverage that Cricket plans to deploy."[20] Leap currently plans to launch a commercial 4G trial in late 2011.[21] Leap's CEO stated that Leap's "LTE implementation is now well underway" and the company expects "consumer-oriented affordable LTE devices t[o] become more broadly available" in 2012.[22]

In May 2011, U.S. Cellular announced that it was accelerating its LTE deployment plans and intends to build out LTE to 25-30% of its subscribers by November 2011, together with a new portfolio of attractive 4G devices,[23] and will

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Orlando Metropolitan Areas (Jan. 25, 2011), http://www.metropcs.com/presscenter/newsreleasedetails.aspx?id=6.

[16] *MetroPCS Feb. 14, 2011 Letter* at 6.

[17] Press Release, *MetroPCS Reports First Quarter 2011 Results* (May 3, 2011), http://investor.metropcs.com/phoenix.zhtml?c=177745&p=RssLanding&cat=news&id=1558297.

[18] Sue Marek, *MetroPCS' COO on the Pros and Cons of the AT&T/T-Mobile Deal*, FierceWireless (Mar. 30, 2011), http://www.fiercewireless.com/story/metropcs-coo-pros-and-cons-attt-mobile-deal/2011-03-30.

[19] Mike Dano, *MetroPCS details LTE buildout plans for 2011, open to LightSquared*, FierceWireless (Sept. 22, 2010), http://www.fiercewireless.com/story/metropcs-details-lte-buildout-plans-2011-open-lightsquared/2010-09-22.

[20] Press Release, *Cricket Enters into 4G Roaming Agreement with LightSquared* (Mar. 22, 2011), http://www.lightsquared.com/press-room/in-the-news/cricket-enters-into-4g-roaming-agreement-with-lightsquared/.

[21] Leap Wireless Intl. Inc., Annual Report (2010 10-K), at 3 (Feb. 25, 2011).

[22] *Leap May 4, 2011 Earnings Call Tr.* at 8.

[23] United States Cellular, Annual Report (2010 10-K), at 6 (Feb. 25, 2011) ("*U.S. Cellular 2010 10-K*"); Conference Call Tr., *TDS—Q1 2011 Telephone and Data Systems Inc. Earnings Conference Call*, Thomson StreetEvents, at 6 (May 6, 2011) ("*U.S. Cellular May 6, 2011 Earnings Call Tr.*"); *U.S. Cellular May 6, 2011 Earnings Call Tr.* at 4; Greg Kumparak, *U.S. Cellular to Launch 4G LTE Network by the Holidays*,
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continue to expand its LTE network in 2012. Indeed, Verizon is asking the Commission to allow it to swap some of its 700 MHz spectrum licenses with U.S. Cellular in exchange for certain 1900 MHz PCS licenses. The transfer, if approved, would help U.S. Cellular expand its forthcoming LTE network.[24]

Cellular South is launching 4G LTE by the end of this year and, to supplement its owned 4G LTE footprint, has entered into a roaming relationship with LightSquared for a nationwide 4G LTE footprint.[25] These relationships will give Cellular South "a nationwide 4G-LTE footprint" and its customers "a first-class LTE experience" through new Samsung 4G LTE handsets to be introduced later this year.[26] Under the Samsung "strategic alliance," "Samsung Mobile, the No. 1 mobile phone provider in the U.S., [will] supply Cellular South with two LTE Band Class 12 4G smartphone handsets as well as other new and innovative network solutions operating in the 700 MHz spectrum."[27]

Other carriers are also preparing to deploy, or already are offering, 4G technologies. Using spectrum in the 2.5-2.6 GHz bands, Clearwire is both a wholesaler and a retailer of 4G WiMax data services (under the "Clear" brand),[28] and is also conducting LTE trials. Its CEO reports that those trials are producing "mind blowing" results, including "60-90 Mbps of user data rate while you're driving [at] fifty miles an hour."[29] The CEO of Sprint, majority owner of Clearwire, has hailed the advantages of

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MobileCrunch (May 6, 2011), http://www.mobilecrunch.com/2011/05/06/us-cellular-to-launch-lte-network-by-the-holidays/.

[24] Phil Goldstein, *Verizon wants to swap spectrum with U.S. Cellular*, FierceWireless (June 8, 2011), http://www.fiercewireless.com/story/verizon-wants-swap-spectrum-us-cellular/2011-06-08#ixzz1RlRaQNVT.

[25] Press Release, *Cellular South announces strategic alliance with Samsung Telecommunications to build LTE 4G high-speed wireless broadband data network infrastructure* (Nov. 17, 2010), https://www.cellularsouth.com/news/2010/20101117.html; Press Release, *LightSquared and Cellular South announce they have entered into a bilateral roaming agreement* (Apr. 20, 2011), https://www.cellularsouth.com/news/2011/20110419b.html.

[26] *Id.*

[27] Press Release, *Cellular South Announces Strategic Alliance With Samsung Telecommunications To Build LTE 4G High-speed Wireless Broadband Data Network Infrastructure* (Nov. 17, 2010), https://www.cellularsouth.com/news/2010/20101117.html.

[28] Clearwire Corp. Annual Report (2010 10-K), at 3, 8 (Feb. 22, 2011).

[29] Karl Bode, *Clearwire: LTE Trial Results 'Mind Blowing*,' DSL Reports (Mar. 23, 2011), http://www.dslreports.com/shownews/Clearwire-LTE-Trial-Results-Mind-Blowing- 113342.

Clearwire's 2.5 GHz spectrum as "allow[ing] us to use advanced OFDM technology at a low cost because wide channels let us put more data through the same amount of physical equipment at a substantial cost savings over today's 3G networks."[30] LightSquared -- the successor to SkyTerra -- will begin deploying a nationwide 4G LTE network in the second half of 2011 and "could vigorously compete with AT&T and Verizon in the market for 4G LTE service."[31] In April 2011, nTelos announced the successful completion of an end-to-end 4G LTE field trial in Waynesboro, Virginia, which will allow the company to "make informed decisions on how to smoothly evolve our network and incorporate 4G LTE into the existing infrastructure, particularly in terms of end-user performance, throughput, latency and quality of experience."[32]

Where other carriers have not yet deployed LTE, many have 3G or 4G networks that compare favorably with those of AVTS carriers. U.S. Cellular's EV-DO network, utilizing the same EV-DO Rev. A technology used by Verizon, has grown from covering five markets in 2008 to covering seventy-five percent (75%) of U.S. Cellular's customer base as of December 30, 2009. As noted by the Commission, the company planned to further expand EV-DO to ninety percent (90%) of its customer base at the end of 2010.[33] In October 2010, Leap introduced nationwide 3G coverage through a roaming agreement with Sprint,[34] which expanded Leap's 3G network to 280 million POPs.[35] In March

[30] Dan Hesse, CTIA Keynote, CTIA Wireless 2008 Conference (Apr. 1, 2008), http://www.whartondc.com/article.html?aid=1431.

[31] Paul Kapustka, *LightSquared Poised to Build Nationwide 4G Network*, PCWorld (Apr. 14, 2011), http://www.pcworld.com/article/225282/lightsquared_poised_to_build_nationwide_4g_network.html. While government tests found that LightSquared's planned 4G LTE network interfered with GPS signals, the company has put forth a solution that LightSquared has said will "ensure[] that tens of millions of GPS users won't be affected by LightSquared's launch," and that this solution would not delay the launch of its wireless network in the first half of 2012. It plans to deploy LTE on a lower portion of its 10MHz spectrum block than initially planned, using frequencies that are located further away from GPS frequencies and therefore do not pose the same risk of interference. Press Release, *LightSquared Solution to GPS Issue Will Clear Way for Nationwide 4G Network* (Jun. 20, 2011), http://www.lightsquared.com/press-room/press-releases/lightsquared-solution-to-gps-issue-will-clear-way-for-nationwide-4g-network/.

[32] Dan Meyer, *Ntelos completes LTE trial*, RCR Wireless (April 7, 2011), http://www.rcrwireless.com/article/20110407/CARRIERS/110409960/-1/?utm_source=rss&utm_medium=item&utm_campaign=rss.

[33] 15th Competition Report ¶ 115.

[34] Press Release, *Cricket Communications Enters Into Wholesale Agreement with Spring* (Aug. 3, 2010), http://www.mycricket.com/press/press-release/Cricket-Communications-Enters-Into-Wholesale-Agreement-With-Sprint (announcing roaming agreement with Sprint for 3G network); *see also* Press Release, *Cricket Announces Launch of Nationwide 3G Data Roaming* (Oct. 19, 2010), http://www.mycricket.com/press/press-

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2010, nTelos announced its nationwide 3G unlimited calling plans, "offering the same services, coverage *and 3G speeds* as the big carriers."[36] In July 2011, Cincinnati Bell launched its 4G wireless network based on HSPA+ technology, boasting that its "supercharged 4G network delivers speeds twice as fast as other national carriers."[37] The network encompasses Greater Cincinnati, and agreements with other wireless companies allow customers to access 4G networks in over 100 metropolitan areas nationwide.[38]

Many of the other carriers heavily promote the speed and quality of their networks. For example, throughout 2010 and 2011, Cincinnati Bell ran radio and television ads in Cincinnati claiming that it has "the fastest 3G network," 86% faster than AT&T and Verizon. *See* Appendix, Tab Radio/TV Ads (includes Cincinnati Bell ads discussed here). Of its new 4G service, Cincinnati Bell says it is "Twice as fast as *other national* carriers," showing 10Mbps data speeds that are more than two times faster than Sprint, T-Mobile USA and AT&T.[39]

MetroPCS has heavily promoted the deployment of its LTE network, announcing "4G LTE is here" and running a "4G - Lose the Contract" advertising campaign in cities such as Orlando, Detroit, and New York. U.S. Cellular encourages businesses in Chicago to "think *fast* and connect faster with *our* nationwide 3G coverage," claiming that thanks to its nationwide 3G coverage, businesses can "connect with employees and clients faster than before." Leap aggressively promotes its "nationwide 3G data" at "half the price of AT&T and Verizon." Cellular South, which touts itself as having the "best network," with "better coverage than the other guys," in fact targets AT&T iPhone customers on its website, promising "a better phone, a better plan, and a better network." These advertisements and numerous other examples of network-focused advertising are documented in the Appendix (Tab C.2 for each carrier contains collected advertisements of that carrier).

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release/Cricket-Announces-Launch-of-Nationwide-3G-Data-Roaming (announcing availability of 3G coverage to Cricket customers).

[35] Press Release, *Cricket Announces Launch of Nationwide 3G Data Roaming* (Oct. 19, 2010), http://www.mycricket.com/press/press-release/Cricket-Announces-Launch-of-Nationwide-3G-Data-Roaming.

[36] Press Release, *nTelos Announces New Nationwide 3g Unlimited Calling Plans* (Mar. 2, 2010), http://www.google.com/url?sa=t&source=web&cd=1&ved=0CBUQFjAA&url=http%3A%2F%2Fir.ntelos.com%2Ffile.aspx%3FFID%3D1500026269%26IID%3D4110676&rct=j&q=ntelos%203g&ei=7ngTTpaHJ4rj0QHhr4CwDg&usg=AFQjCNG1DKgPKKgCeC5VdR4UZe4QPi022g&sig2=Bwcnr-fI0vv-EvGAsXEZTQ (*emphasis added*).

[37] Cincinnati Bell, *4G FAQs*, http://www.cincinnatibell.com/consumer/4g/.

[38] *Id.*

[39] Cincinnati Bell, 4G Speed Test, http://www.cincinnatibell.com/consumer/4g/ (emphasis added).

Other wireless carriers are also competitive with AVTS carriers on network speed and voice quality. For example, in June 2011, *PC Magazine* conducted a study of mobile network speed in 21 major cities and found that MetroPCS or Leap had a faster network speed than a network of at least one AVTS carrier in terms of upload speed or download speed (Mbps) in 20 of the 21 markets tested.[40]

In addition, drive test data shows that several other carriers matched or exceeded the voice performance of an AVTS provider. *See* Exhibit 8. Indeed, J.D. Power and Associates' 2010 Wireless Call Quality Study found that U.S. Cellular had the highest call quality in the North Central region of the U.S.[41]

B. *Coverage Footprint*

The fact that other carriers do not have owned-network footprints that equal those of the AVTS carriers has not prevented them from offering competitive network coverage to customers. Most of the other carriers, including not only multi-market leaders such as MetroPCS, Leap, and U.S. Cellular, but also smaller local competitors including Cincinnati Bell, Open Mobile, Carolina West and others, offer plans with nationwide coverage without roaming fees. *See* Appendix (Tab A.1 for each carrier contains that carrier's collected coverage map(s)). As the Commission recognized in the 15th Competition Report, "MetroPCS and Leap have …abandon[ed] their original business model – local calling plans coupled with additional per-minute charges for roaming – in favor of the *flat-rate nationwide coverage model* that dominates the postpaid service segment."[42]

MetroPCS, which holds PCS and AWS spectrum in many markets throughout the United States, has aggressively expanded its facilities-based coverage from 56 million POPs in October 2008 to approximately 146 million POPs in October 2010.[43] In addition, MetroPCS has entered into roaming relationships that allow it to offer service covering ninety percent (90%) of Americans. Indeed, after entering into these agreements, MetroPCS launched its "Metro USA" service in November 2010, offering

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[40] *The Fastest Mobile Networks 2011*, PCMag.Com (Jun. 27, 2011), http://www.pcmag.com/article2/0,2817,2386836,00.asp. The inclusion here of the findings reported by *PC Magazine* does not indicate that AT&T agrees with or endorses the accuracy of the study's methodology or results. Notwithstanding the findings in the study, AT&T continues to have the nation's fastest mobile broadband network.

[41] 15th Competition Report ¶ 223 (citing *J.D. Power and Associates Reports: Overall Call Quality Performance Declines as Frequency of Dropped Calls Increases, Particularly with Smartphones*, Press Release, J.D. Power, Feb. 18, 2010 (*Wireless Call Quality Study -Volume 1*), at 1-2).

[42] 15th Competition Report ¶100 (*emphasis added*).

[43] *Id.* at ¶ 70.

customers the chance to "enjoy unlimited talk, text and Web services wherever they go in the nation"[44] for a flat monthly fee, without retail roaming charges.[45] Its CFO has hailed its "nationwide footprint…that really puts us on par from a footprint standpoint on a combined network that is *actually a tad bit larger than the Sprint network*."[46]

Indeed, MetroPCS reports that it has "morphed into more of a full national type carrier" by deploying "a national footprint that is embedded in all of our rate plans for the everyday low price that we offer our customers" and placing itself "on the forefront of deploying 4G technologies."[47] An analyst noted that MetroPCS was expected "to benefit from the launch of 4G service across all of its markets and *the addition of true national coverage to all of its rate plans* (via a new roaming agreement)."[48] As MetroPCS

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[44] *See* Press Release, *MetroPCS to Launch Metro USA Nationwide Coverage* (Nov. 4, 2010), http://investor.metropcs.com/phoenix.zhtml?c=177745&p=irolnewsArticle&ID=1491639&highlight=.

[45] In other extended coverage areas, customers may incur voice roaming charges of $0.19/min plus taxes and fees (or $5/month for 30 minutes). *See* http://www.metropcs.com/products/traveltalk/faqpop.aspx.

[46] Final Transcript, *PCS—MetroPCS Communications, Inc. at Raymond James Institutional Investors Conference*, at 1 (Mar. 7, 2011) (*emphasis added*).

[47] Conference Call Tr., *MetroPCS Communications Inc. at JPMorgan Technology, Media and Telecom Conference*, Thomson StreetEvents, at 2 (May 17, 2011) (quoting CFO Braxton Carter).

[48] Deutsche Bank, Global Markets Research, November 5, 2010 (*emphasis added*).

explained to investors: "We launched [Metro USA] in November [2010], and it put our network footprint in all of our rate plans, from a voice and 3G standpoint, comparable to that of the national carriers…And by having a nationwide footprint [to] over 280 million POPs, we believe that it grows the pie that we can potentially sell to."[49] It has aggressively promoted its network as "Now Covering 90% of the Country" and offering "The lowest price of any nationwide network." *See* Appendix, MetroPCS Tab A.2 (collected MetroPCS advertisements).

Detroit MetroPCS Billboard, 04/13/2011

Leap (Cricket) offers 3G service in all of its markets to approximately 95 million covered POPs, and its roaming arrangement with Sprint expands 3G coverage to over 280 million POPs.[50] Through strategic roaming agreements with other carriers, Cricket is able to offer national rate plans featuring free roaming in a coverage area including "all major cities and about 90 percent of the U.S. population" (see coverage map below).[51]

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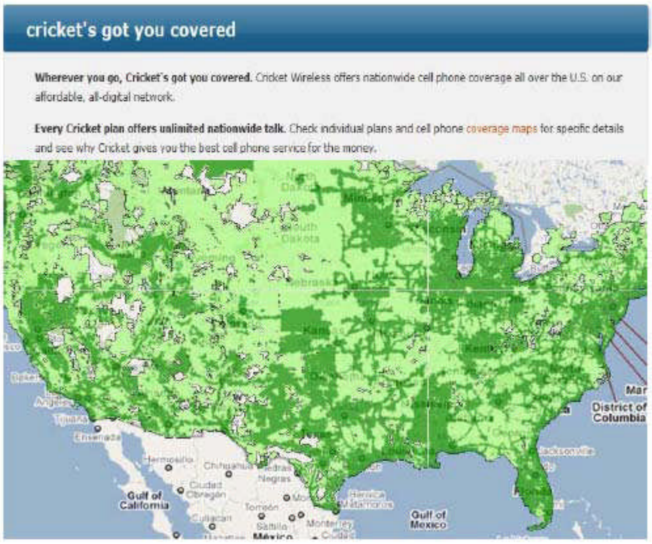
[49] Final Transcript, *PCS—MetroPCS Communications, Inc. at Morgan Stanley Technology, Media & Telecom Conference*, at 1 (Mar. 3, 2011).

[50] *See* Press Release, *Cricket Announces Launch of Nationwide 3G Data Roaming* (Oct. 19, 2010), http://www.mycricket.com/press/press-release/Cricket-Announces-Launch-of-Nationwide-3G-Data-Roaming.

[51] Peter Svensson, *Leap Adds Free Nationwide Roaming To Cricket*, MSNBC (Mar. 23, 2010), http://www.msnbc.msn.com/id/36004929; Leap Customer Service, July 8, 2011.



In other areas, customers can choose to pay $0.25 per minute or $5 for 30 roaming minutes per month.[52] Leap also does not charge roaming fees for text messages or for data services.[53] Leap's CEO recently extolled the benefits of its nationwide coverage: "We have now got the devices, the service plans, and the nationwide 3G coverage our customers want. . . . The result is a significant increase in customer lifetime value which validates that we're making the right investments in the right places."[54] Leap has heavily promoted its network as offering "Android Powered Unlimited Talk, Text, Web, & Nationwide 3G Data for Half the Price of AT&T or Verizon" with "Coverage Now In All 50 States." *See* Appendix, Leap Tab A.2 (collected Leap advertisements):

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[52] Cricket, http://www.mycricket.com/support/faq/how-much-does-roaming-cost.

[53] Cricket, http://www.mycricket.com/support/faq/how-much-does-roaming-cost (Cricket does not charge roaming fees for texting).

[54] Conference Call Tr., *LEAP – Q4 2010 Leap Wireless International Earnings Conference Call*, Thomson StreetEvents, at 2 (Feb. 22, 2011).

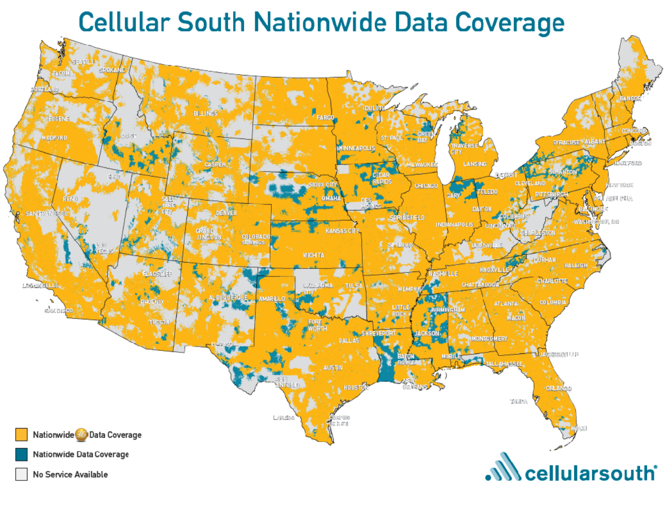
Indeed, many of the other carriers offer nationwide plans with no roaming charges of any kind within the continental United States. U.S. Cellular does not charge domestic roaming fees or data roaming charges on any of its "national" plans, which include most of the lower 48 states (see coverage map below),[55] and boasts that it "provides wireless services comparable to the national competitors."[56] U.S. Cellular characterizes its network to its investors as a "High-Quality nationwide network"[57] and asks consumers in its advertising to "Take A National Plan Along: Get a National Plan from U.S. Cellular…Without Roaming or Long-Distance Charges."

[55] *See* U.S. Cellular Coverage Map; U.S. Cellular, Annual Report (2010 10-K), at 3 ("U.S. Cellular's popular national plans price all calls, regardless of where they are made or received in the United States, as local calls with no long distance or roaming charges."). U.S. Cellular has entered into reciprocal roaming agreements covering virtually all systems in the U.S., Canada and Mexico with CDMA technology, and introduced nationwide 3G data roaming in 2010.

[56] *Id.* at 8.

[57] U.S. Cellular, *Barclays Capital Global Communications, Media and Technology Conference*, at 4 (May 24, 2011).

Cellular South offers "unlimited calling from coast to coast…nationwide with no roaming charges,"[58] touts its "nationwide [d]ata [c]overage," also with no roaming charges, and explicitly targets AT&T customers by stating: "From coast to coast, we've handpicked the best networks to give you better coverage in far more places than AT&T."[59] The vast majority of Cellular South's data roaming coverage is 3G, as shown in orange on its coverage map below.



[58] https://www.cellularsouth.com/cscommerce/products/plans/product_plan_details.jsp?id=prod7010052.

[59] http://www.cellularsouth.com/DiscoverCenter/why-cs/att.jsp.

Cellular South, like the others, also advertises its nationwide coverage, with its webpage displaying its coverage map stating: "Why Cellular South? We have the best coverage… Better coverage than the other guys."[60] The advertisements discussed above and numerous others from additional carriers that promote their nationwide coverage to wireless consumers are collected in the Appendix (Tab A.2 for each carrier contains collected advertisements for that carrier).

C. *Handsets*

Competitors other than the AVTS carriers also compete effectively in terms of their handset offerings and those offerings continue to improve and expand as smartphones become more and more ubiquitous. All but the smallest of the other carriers now offer multiple smartphones, including BlackBerry and Android devices, and their handset portfolios are expanding by the day. The growing importance of smartphones to other carriers, and the increasing penetration of smartphones in their subscriber bases, is well documented. Indeed, [**Begin Confidential Information]**

[**End Confidential Information]**.

MetroPCS is making smartphones, including BlackBerry and Android models, an increasingly large part of its device portfolio and its competitive strategy,[62] and currently offers six different smartphone models, including four Android devices. *See* Appendix, MetroPCS Tab B.1 (MetroPCS smartphone portfolio). Indeed, MetroPCS was the first carrier to offer a 4G LTE smartphone in the U.S., the Samsung Galaxy Indulge, which it obtained exclusively from Samsung.[63] As MetroPCS told investors recently: "We have a history of innovation from a technology standpoint…We launched the world's first commercial dual-mode CDMA LTE handset last year and the world's first LTE CDMA

[60] http://www.cellularsouth.com/DiscoverCenter/why-cs/network.jsp.

[61] Christopher Reply Decl. ¶ 38.

[62] *See* Press Release, *MetroPCS and Samsung Mobile Unveil the Samsung Galaxy Indulge, the World's First Commercially Available 4G LTE Android Smartphone*, at 1 (Feb. 9, 2011), http://investor.metropcs.com/External.File?t=2&item=g7rqBLVLuv81UAmrh20Mp9tj3fGPzw7Th9QbgJ4ulFgfATjGENyIQJOg7zJGrl5P0Oj0RwhYxIGvk14TD9Iz3A==.

[63] Press Release, *MetroPCS and Samsung Mobile Unveil the Samsung Galaxy Indulge, the World's First Commercially Available 4G LTE Android Smartphone*, at 1 (Feb. 9, 2011), http://investor.metropcs.com/External.File?t=2&item=g7rqBLVLuv81UAmrh20Mp9tj3fGPzw7Th9QbgJ4ulFgfATjGENyIQJOg7zJGrl5P0Oj0RwhYxIGvk14TD9Iz3A==.

Android here a few weeks ago."[64] As of March 2011, one third of MetroPCS's handset sales year to date were of Android smartphones,[65] which constituted "approximately 30% of [MetroPCS's] gross additions in the first quarter."[66] And earlier this month it was reported that MetroPCS had obtained a new Android smartphone, the Huawei 385.[67]

Leap is similarly "committed to the smartphone category"[68] and currently offers five different smartphones, including BlackBerry and multiple Android devices. *See* Appendix, Leap Tab B.1 (Leap smartphone portfolio). In fact, whereas 10% of Leap's customer base had moved to smartphones by the end of 2010, these devices now account for 40% of Leap's new handset sales.[69] Leap recently reported higher upgrade volumes "driven by [the] availability of smartphones."[70] Leap has stated that it intends to introduce "three or four" new smartphone models within the next few months.[71] Just last month Leap introduced the Samsung Indulge Android smartphone,[72] and it announced plans to offer the Huawei Glory, a "1.4-GHz Android smartphone with a 4-inch, 854-by-480 screen, 8-megapixel camera" in November of this year.[73]

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[64] Conference Call Tr., *MetroPCS Communications, Inc. at Raymond James Institutional Investors Conference*, Thomson StreetEvents, at 4-5 (Mar. 7, 2011).

[65] Final Transcript, *PCS - MetroPCS Communications, Inc. at Credit Suisse Group Convergence Conference*, at 2 (Mar. 9, 2011) (MetroPCS CEO Roger Linquist); Final Transcript, *PCS—MetroPCS Communications, Inc. at Morgan Stanley Technology, Media & Telecom Conference*, at 2 (Mar. 3, 2011).

[66] *MetroPCS May 3, 2011 Earnings Call Tr.* at 3.

[67] *MetroPCS Nabs Another Android Huawei, Freeform III* (Jul. 7, 2011), http://www.cnet.com/8301-17918_1-20077599-85/metropcs-nabs-another-android-huawei-freeform-iii/.

[68] Mike Dano, *Leap Plans Wi-Fi-only ViewSonic Android Tablet, More Android Smartphones*, FierceWireless (Mar. 24 2011), http://www.fiercewireless.com/ctialive/story/leapplans-wi-fi-only-viewsonic-android-tablet-more-android-smartphones/2011-03-24.

[69] *Id.*

[70] Presentation, *Leap Wireless International 1Q11 Earnings Conference Call,* at 9 (May 4, 2011), http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9OTIyNTh8Q2hpbGRJRD0tMXxUeXBlPTM=&t=1.

[71] Conference Call Tr., *LEAP - Q1 2011 Leap Wireless International Inc Earnings Conference Call*, Thompson StreetEvents (May 4, 2011) at 5, 7.

[72] Press Release, *Cricket Enhances Its Smartphone Line-Up with the Samsung Indulge* (Jun. 7, 2011), http://phx.corporate-ir.net/phoenix.zhtml?c=191722&p=irol-newsArticle&ID=1571373&highlight=.

[73] Sascha Segan, *Exclusive: Hands On With Huawei and Cricket's Glory Phone,* PCMag.com (Jun. 21, 2011), http://www.pcmag.com/article2/0,2817,2387327,00.asp.;

Footnote continued on next page

U.S. Cellular has a powerful Android lineup, offering a wide range of state-of-the-art smartphones, nine in total, including the BlackBerry Bold and six different Android phones. *See* Appendix, U.S. Cellular Tab B.1. Smartphones now account for 42% of U.S. Cellular's current sales.[74] Its CFO recently explained that "the Android power[ed] devices that we introduced beginning in the second half of last year have put us in a very strong, competitive position relative to others."[75]

Likewise, Cellular South has a portfolio of six different Android devices, along with three BlackBerry smartphones and the Windows-based HTC 7Pro. *See* Appendix, Cellular South Tab B.1. Cellular South was one of the first U.S. carriers to introduce an Android-powered smartphone, launching the HTC Hero in November 2009 and the HTC Desire in the summer of 2010, "one of the most advanced Android-powered touch screen smartphones in the world" at the time.[76] Today, it promotes itself as having the "slickest smartphones and portable devices" and offers "Better iPhone Alternatives" for people who "Love your iPhone but don't love AT&T."[77]

Even the smaller carriers increasingly are carrying advanced smartphone devices. Cincinnati Bell currently offers fifteen different smartphones, including nine Android devices. It recently introduced, simultaneous with the launch of its 4G network in July

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Footnote continued from previous page
Zachary Lutz, *Huawei Glory Blazing to Cricket in November, 1.4GHz SoC and Ginerbread under $300*, Engadget Mobile (Jun. 21, 2011), http://mobile.engadget.com/2011/06/21/huawei-glory-blazing-to-cricket-in-november-1-4ghz-soc-and-ging/.

[74] Conference Call Tr., *TDS—Q1 2011 Telephone and Data Systems Inc. Earnings Conference Call*, Thomson StreetEvents, at 4 (May 6, 2011); Press Release, *U.S. Cellular to Launch 4G LTE Service and Devices in Time for the Holidays* (May 6, 2011), http://www.uscellular.com/about/press-room/2011/USCELLULAR-TO-LAUNCH-4G-LTE-SERVICE-AND-DEVICES-IN-TIME-FOR-THE-HOLIDAYS.html.

[75] Conference Call Tr., *TDS—Q1 2011 Telephone and Data Systems Inc. Earnings Conference Call*, Thomson StreetEvents, at 9 (May 6, 2011).

[76] Press Release, *Cellular South To Offer Its Third Android™ Powered Smartphone - The HTC Desire™ - Featuring One of the World's Richest Media Experiences* (Jun. 16, 2010), https://www.cellularsouth.com/news/2010/20100616.html.

[77] Cellular South, http://www.cellularsouth.com/DiscoverCenter/why-cs/phones.jsp. The company's COO noted Cellular South is thriving because of its many device options and low rates: "With six Android devices, an impressive BlackBerry line-up, Cellular South's industry-leading Smartphone Unlimited Plan for just $79.99 and its advanced and reliable high-speed broadband network, new customers can take comfort knowing that they're saving money, improving their overall experience and receiving superior service that the competition doesn't offer." *Analyst: For Innovation Look to Smaller Companies Like Cellular South and U.S. Cellular* (Dec. 18, 2010), http://thedroidguy.com/2010/12/analyst-for-innovation-look-to-smaller-companies-like-cellular-south-and-us-cellular/.

2010, the Huawei Ascend X 4G, "a sleek and stylish smartphone that features the Android 2.2 operating system, a 4.1-inch touchscreen display, a 5-megapixel front- and back-facing camera, and a 1-gigahertz processor."[78] Allied Wireless also has a variety of smartphones, including BlackBerry and Android models, and was the first carrier to offer the HTC Wildfire.[79] Bluegrass Cellular offers fourteen smartphone options, nine of which are Android devices; nTelos offers nine smartphones, six of which are Android devices; and Revol offers two smartphones, both of which are Android devices. The list does not stop there, with smartphones now offered by ACS, Cellcom, Carolina West, Mohave Wireless, Thumb Cellular, CellularOne of East Texas, Cellular One of Northeast Pennsylvania, Long Lines, Nemont, Nex-Tech/United, nTelos, Panhandle/PTCI, Inland Cellular, Credo Mobile, Viaero, Iowa Wireless, Pioneer, Strata Networks, and Union Telephone among others. *See* Appendix (Tab B.1 for each carrier contains that carrier's list of available smartphones). Smaller carriers have made clear that smartphones are increasingly a fundamental component of their business strategy and smartphone offerings by these carriers have recently increased significantly.

Smartphones are also increasingly offered to non-contract customers in the prepaid segment. For example, the VP of Boost Mobile, owned by Sprint, has stated "We're seeing that our traditional no-contract customer segment is looking for more. . . Their needs are changing. It's less about, 'Let's load up some minutes and keep it in the glovebox.' People are looking for more out of the device." The Samsung Galaxy Prevail smartphone for $179 is one of Boost's most popular phones.[80]

Indeed, as other carriers increasingly focus on smartphones as part of their business strategies, they have aggressively promoted their variety of advanced device options in advertising to consumers. Cricket promotes the combination of its smartphone offerings and low rates: "Fully Loaded Android Fraction of the Price…Rate Plans 1/2 the Price of AT&T and Verizon"; "Powered by Android, Priced by Cricket." MetroPCS encourages consumers to "Get an Android for $49" and "Compare and Switch Your BlackBerry Plan to MetroPCS." nTelos offers: "Buy a BlackBerry Curve for $29.99 and

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[78] Press Release, *New 4G Network Gives Cincinnati Bell Wireless Customers the Edge on Speed* (Jul. 5, 2011), http://www.businesswire.com/news/home/20110705005929/en/4G-Network-Cincinnati-Bell-Wireless-Customers-Edge. Mike Vanderwoude, vice president and general manager of wireless for Cincinnati Bell explained that "[w]ith our 3G and 4G networks and strong Android, smartphone and tablet product lines, we can provide our customers with access to the cutting-edge wireless technology they crave" and stated that Cincinnati Bell intends to introduce more 4G smartphones in the coming months.

[79] Press Release, *Allied Wireless Communications Corporation, Alltel Wireless Introduces Two New HTC Touch-Screen Smartphones* (Oct. 28, 2010), http://www.awcc.com/news.html#102010.

[80] Victor Godinez, *Smartphones now majority of new cellphone sales in the U.S.*, Dallas News (July 4, 2011), http://www.dallasnews.com/business/technology/headlines/20110704-smartphones-now-majority-of-new-cellphone-sales-in-the-u.s..ece.

Get Another Free; Same Nation. Better Price." These and numerous additional advertisements are collected in the Appendix (Tab B.2 for each carrier contains collected advertisements of that carrier relating to handsets).

Other carriers also have demonstrated that they can work successfully with handset manufacturers to obtain first access to selected smartphone models, including exclusives. U.S. Cellular obtained an exclusive on the Samsung SCH-R880 (Acclaim). MetroPCS is actively working with LTE device-makers today -- and successfully obtained and offered the Samsung Galaxy Indulge, the first LTE smartphone available in the U.S. MetroPCS has also gotten exclusives on two additional smartphones, the Samsung Craft, another LTE smartphone, and the Huawei Ascend TapouT SE. MetroPCS recently observed that "[m]ore OEMs [handset manufacturers] are interested in working with us. . . . [W]e have continued engagement every week with them developing the next models, the next handsets to come out."[81]

It is also clear that device manufacturers will continue to innovate and offer high-end devices to all carriers post-transaction, as evidenced by the numerous Android-based devices that have launched in rapid succession in the past year, which have been customized and rebranded to a variety of carriers. As explained by Nokia in its comments to the Commission, "Even a cursory review of the device lineups of the various carriers demonstrates that there is perhaps more parity in device offerings today than there has ever been. The proposed transaction is unlikely to have any effect on innovation in the device market or the availability of a wide range of devices with the most attractive features to all carriers, and there is no need for Commission action on these issues."[82]

D. <u>*Brand Image*</u>

Other carriers are also competitive with the AVTS carriers in terms of brand image. AT&T's consumer research and that of third parties shows clearly that other carriers often have more favorable brand images than do the AVTS carriers, including AT&T.

The Satmetrix Net Promoter Score ("NPS") is a customer loyalty research metric which AT&T purchases for purposes of tracking customer perception. NPS scores compare the number of surveyed customers who would recommend a carrier against those who express dissatisfaction with a carrier. In a 2011 report, [**Begin Confidential**

[81] *MetroPCS May 3, 2011 Earnings Call Tr.* at 10; Press Release, *MetroPCS and Samsung Mobile Unveil the Samsung Galaxy Indulge, the World's First Commercially Available 4G LTE Android Smartphone*, at 1 (Feb. 9, 2011), http://investor.metropcs.com/External.File?t=2&item=g7rqBLVLuv81UAmrh20Mp9tj3fGPzw7Th9QbgJ4ulFgfATjGENyIQJOg7zJGrl5P0Oj0RwhYxIGvk14TD9Iz3A==.

[82] Comments of Nokia, Inc., *Application of AT&T Inc. and Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses and Authorizations*, WT Docket No. 11-65, at 5 (Jun. 10, 2011).

Information]

[**End Confidential Information]**. *See* Exhibit 9.

Customer perception data measured by Nielsen shows similar findings. Indeed, [**Begin Confidential Information]**

[**End Confidential Information]**. *See* Exhibit 10.

U.S. Cellular consistently garners praise. It was named as the top wireless carrier in the U.S. by Consumer Reports in 2010;[83] and was the only operator to be awarded a "better" score by consumers in the "value," "voice," "staff knowledge," and "issue resolved" categories.[84] It was the highest rated conventional (contract) provider, receiving a score of 82.[85] It was one of only 40 companies in twenty major industries to earn a customer service award from J.D. Power, and enjoys one of the lowest churn rates in the industry (1.5% in Q4 2010).[86] In November 2010, U.S. Cellular was awarded Frost & Sullivan's Customer Value Enhancement of the Year Award for North America, for the Belief Project, an award given to companies that develop an industry game-changer aimed at creating value for its customers.[87]

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[83] Michelle Ruhfass, *Consumer Reports declares U.S. Cellular as top cell provider, beating out Verizon Wireless*, Mobile Burn (Dec. 06, 2010), http://www.mobileburn.com/news.jsp?Id=11965.

[84] Tracy Ford, *U.S. Cellular tops Consumer Reports Survey, AT&T Mobility in last place*, RCRWireless (Dec. 6, 2010), http://www.rcrwireless.com/article/20101206/WIRELESS_FACTS_AND_FIGURES/101209971/us-cellular-tops-consumer-reports-survey-att-mobility-in-last.

[85] 15th Competition Report ¶ 225.

[86] Press Release, *U.S. Cellular Reports Fourth Quarter 2010 Results*, at 1 (Feb. 24, 2011) ("Retail postpaid churn improved to 1.5 percent from 1.6 percent; postpaid customers comprised 95 percent of retail customers."), http://phx.corporate-ir.net/External.File?item=UGFyZW50SU Q9ODYyNTZ8Q2hpbGRJRD0tMXxUeXBlPTM=&t=1; Press Release, *U.S. Cellular and TDS Telecom Recognized as J.D. Power 2011 Customer Service Champions* (Feb. 17, 2011), http://phx.corporate-ir.net/phoenix.zhtml?c=106793&p=irol-newsArticle&ID=1530190&highlight=.

[87] Press Release, *U.S. Cellular Earns Frost & Sullivan's Customer Value Enhancement of the Year Award for North America* (Dec. 1, 2010), http://www.uscellular.com/about/press-room/2010/USCellular-Earns-Frost-Sullivans-Customer-Value-Enhancement-of-the-Year-Award-for-North-America.html.

The fact that other carriers frequently have more favorable brand images than AVTS carriers demonstrates that national advertising is not uniquely important in shaping customers' perceptions of wireless carriers' brands. While national advertising makes sense for carriers that are marketing services on a nationwide basis, it is not because national advertising is intrinsically more effective in shaping customer perceptions. It is because national advertising is an efficient way to reach all of the customers to which AVTS carriers market their services. Local and regional advertising is an equally effective way to reach customers for carriers that do not offer service everywhere.[88] As discussed above and cataloged in the Appendix, these carriers employ a wide array of advertising media and strategies on the local and regional level: including advertising on billboards, on the radio and television, in local newspapers, on vehicles and in subways as well as on their websites, focusing on their nationwide coverage, smartphone offerings and network quality. *See generally* Appendix. Indeed, because local and regional advertising can be more targeted, AT&T and other AVTS carriers supplement national advertising with local advertising to address competitive and demographic variations in different local markets.

E. *Customer Demographics*

Sprint has identified "customer demographics" as a characteristic of other carriers which supposedly limits their competitiveness against the AVTS carriers. As a matter of logic and economics, however, current customer demographics matter only insofar as they are reflective of the customers a carrier is able to serve effectively. The customer demographics of AT&T and T-Mobile USA are different in a number of respects, and T-Mobile USA's customer base is more like that of the AYCE carriers. More important, the data demonstrate that non-AVTS carriers are successful at winning customers from national carriers in general and from T-Mobile USA in particular. With respect to T-Mobile USA, customers switch to such carriers more often, and to AT&T less often, than their respective market shares would predict.

T-Mobile's Customer Base is Different from AT&T's and More Similar to MetroPCS and Leap

As explained in the April 2011 Declaration of Dennis W. Carlton, Allan Shampine and Hal Sider, subscriber characteristics are quite different as between AT&T and T-Mobile USA, suggesting that consumers do not view these two carriers as close substitutes.[89] Indeed, on a number of metrics, T-Mobile USA's subscriber base is more

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[88] As discussed in Section I supra, consumers shop for competitive mobile wireless alternatives "in the areas where they live, work, and travel" and "are unlikely to search for providers that do not serve their local areas." 15th Competition Report ¶¶ 23, 47 n.117.

[89] Declaration of Dennis W. Carlton, Allan Shampine and Hal Sider (Apr. 20, 2011) at ¶¶ 87-88.

similar to that of ACYE carriers like MetroPCS and Leap than is true for other AVTS carriers.

Traditionally, T-Mobile USA has primarily provided postpaid contract services but, like Metro PCS and Leap (as well as Sprint), has increasingly focused on non-contract services. For example, **[Begin Confidential Information]** **[End Confidential Information].**[90] As of 4Q 2010, the estimated percentage of T-Mobile USA's subscribers that obtain non-contract service was roughly **[Begin Confidential Information]** **[End Confidential Information]** that of AT&T **[Begin Confidential Information]** **[End Confidential Information]**.[91] Indeed, as one analyst has noted, "T-Mobile USA experiences significantly higher churn than national carriers such as AT&T and Verizon because its customer base is more value-oriented and now overwhelmingly skewed towards no contract subscribers for net additions."[92] In the first quarter of 2011, for example, AT&T's churn was 1.36% and Verizon's was 1.33%, while T-Mobile USA had a churn rate of 3.40%, higher than both MetroPCS (3.1%) and Leap (3.1%).[93]

These facts suggest that T-Mobile USA's subscribers would view low-cost AYCE providers as closer substitutes for wireless services than AT&T and Verizon. As another analyst has noted, "[T-Mobile] is increasingly exposed to the bottom end of the market (price conscious customers), where it is competing with Sprint and the smaller players (Leap, Metro, MVNOs etc)."[94] The analyses of customer switching data discussed below confirm this to be the case.

Porting Data Shows Other Carriers Win Postpaid Subscribers from AVTS Carriers

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[90] *Id.* at ¶ 123.

[91] *Id.* at ¶ 89.

[92] Current Analysis, *Company Assessment: T-Mobile USA*, at 5 (Jan. 18, 2011).

[93] AT&T Inc. 1Q 2011 Investor Briefing, at 3 (Apr. 20, 2011), http://www.att.com/Investor/Financial/Earning_Info/docs/1Q_11_IB_FINAL.pdf; Verizon Investor Quarterly First Quarter 2011, at 5 (Apr. 21, 2011), http://www22.verizon.com/investor/investor-consump/groups/financial/documents/investorrelation/2011_q1_qb.pdf; Press Release, T-Mobile USA Reports First Quarter 2011 Results, at 3 (May 9, 2011), http://www.t-mobile.com/Cms/Files/Published/0000BDF20016F5DD010312E2BDE4AE9B/5657114502E70FF3012FD6A0635D5CAB/file/TMUS%20Q1%202011%20Press%20Release-Final.pdf; *MetroPCS May 3, 2011 Earnings Call Tr.* at 3; *Leap May 4, 2011 Earnings Call Tr.* at 2.

[94] Bank of America Merrill Lynch, *T-Mobile USA Under Pressure – 2011 EBITDA Coming Into Focus*, at 10 (Nov. 5, 2010).

Porting data shows that other carriers [**Begin Confidential Information]**

[**End Confidential Information]**.[95] In the first quarter of 2011 alone, MetroPCS and Leap together added a remarkable 1.057 million net retail subscribers, and many of those new subscribers came from traditional contract providers such as AT&T and T-Mobile USA. Tellingly, that figure is greater than the *combined* net retail additions (postpaid and prepaid) of *both* AT&T and Verizon for these same types of subscribers (1.026 million).[96]

One analyst has predicted that the no-contract AYCE carriers will grow by twenty-four percent (24%) between 2009 and 2013, while in contrast, contract subscribers are predicted to grow by only two percent (2%).[97] Indeed, since 2002, MetroPCS has grown from roughly 500,000 subscribers to approximately 8.9 million subscribers today -- a sixteen-fold increase in nine years.[98] MetroPCS has been clear about its intentions to attract even more contract subscribers from carriers like AT&T, stating that it plans to "have a greater parity with the post pay or contract [carriers] in terms of handsets and services that we can offer."[99] MetroPCS states that it is bringing its customers "a postpaid experience without a contract" and reports that those plans are bearing fruit, disclosing in 3Q 2010 that "a third of [its] gross additions" came from "traditional contract carrier post-pay plans" such as those offered by AT&T and T-

[95] Reply Declaration of David Christopher, Chief Marketing Officer, AT&T Mobility Inc., at ¶ 38 (Jun. 10, 2011)("Christopher Reply Decl.").

[96] Leap Wireless Intl., Quarterly Report (1Q 2011 10-Q), at 32 (May 6, 2011) (330,574 net retail subscriber additions); MetroPCS Communications, Inc., Quarterly Report (1Q 2011 10-Q), at 27 (May 6, 2011) (725,945 net retail subscriber additions); AT&T Inc., Quarterly Report (1Q 2011 10-Q), at 22 (May 6, 2011) (147,000 net retail subscriber additions, excluding reseller and connected device subscribers); Verizon Communications Inc., Quarterly Report (1Q 2011 10-Q), at 26 (Apr. 28, 2011) (879,000 net retail subscriber additions). Net retail subscribers include subscribers for cell phones, smartphones, laptop USB adaptors, and other personal computing devices.

[97] *Presentation of MetroPCS Communications, Inc. at Bank of America Credit Conference*, at 11 (November 17, 2010), http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NDA3MjY1fENoaWxkSUQ9NDE2NjIzfFR5cGU9MQ==&t=1 ("*MetroPCS Bank of America Credit Conference*").

[98] *See* Christopher Decl. ¶ 60.

[99] Final Transcript, *PCS - MetroPCS Communications, Inc. at Credit Suisse Group Convergence Conference*, at 1 (Mar. 9, 2011).

Mobile USA.[100] It is taking an "increasing percentage" of subscribers from "the postpaid contract world,"[101]prompting other major providers, including AT&T, to make competitive responses.[102] Indeed, MetroPCS's CEO has claimed that: "We [MetroPCS] out execute everyone in our business model. We are a low-cost provider. We have the lowest CPU [cost per user] of any carrier. We have the lowest CPGA [cost per gross addition] of any operator and we spend the least amount of marketing dollars to get customers."[103]

Moreover, T-Mobile USA switching data directly contradict the notion that T-Mobile USA and AT&T are especially close competitors. Indeed, switching data suggests the opposite: [**Begin Confidential Information]**

[**End Confidential Information]**.

The two charts below show the degree of switching by T-Mobile USA's customers to various carriers relative to each carrier's national share of non-T-Mobile subscribers. The ratio of observed switching share to share of non-T-Mobile subscribers is referred to in the charts below as the "strength-to-weight ratio." If a carrier won a proportion of T-Mobile USA customers equal to its relative share, its strength-to-weight ratio would be 1.0, or 100%. Thus, if a carrier's strength-to-weight ratio is over 100%, it is capturing more customers than one would expect based on its overall share of subscribers, and if its ratio is below 100%, it is capturing fewer than one would expect based on its share.

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[100] Sue Marek, *MetroPCS' COO on the pros and cons of the AT&T/T-Mobile deal*, FierceWireless (Mar. 30, 2011), http://www.fiercewireless.com/print/node/91755; Conference Call Tr., *MetroPCS Communications, Inc. at Raymond James Institutional Investors Conference*, Thomson StreetEvents, at 3 (Mar. 7, 2011); Deutsche Bank, *Increasing 4Q10 Net Adds on Positive Channel Checks*, at 5 (Jan. 4, 2011) ("[MetroPCS] disclosed with its 3Q10 results that 1/3rd of its gross adds were former post paid subs, and we believe this share could increase as PCS rolls out new attractive handsets.").

[101] Final Transcript, *PCS—MetroPCS Communications, Inc. at Morgan Stanley Technology, Media & Telecom Conference*, at 8 (Mar. 3, 2011) ("*MetroPCS Morgan Stanley Conference Transcript*") (MetroPCS CFO Braxton Carter: "And we have seen [an] increasing percentage of our gross adds coming from the lower part of the postpaid contract world. I think, Tom on our year-end call mentioned roughly a third of our customers are coming from that. And I think it's a natural evolution.").

[102] Christopher Decl. ¶¶ 48-49, 59-62.

[103] Sue Marek, *MetroPCS' COO on the pros and cons of the AT&T/T-Mobile deal*, FierceWireless (Mar. 30, 2011), http://www.fiercewireless.com/print/node/91755.

The switching data in Chart 1 are based on a Nielsen survey of customers during the first quarter of 2011, and the comparative shares of sales are based on AT&T's internal estimates for the same period. As the Nielsen survey is based on higher credit quality customers, the data overstate the overall level of switching from T-Mobile USA to AT&T.[104] Nonetheless, these data show that [**Begin Highly Confidential Information]**

[**End Highly Confidential Information]**.

[**Begin Highly Confidential Information]**

[**End Highly Confidential Information]**

An analysis using T-Mobile USA's first quarter 2011 internal porting data produces similar results[105] **[Begin Highly Confidential Information]**:

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[104] [**Begin Highly Confidential Information]**

[**End Highly Confidential Information]**.

[105] Porting data likely overstate the degree of switching to AVTS carriers and understate the degree of switching to other carriers because customers more often port their telephone number when switching to an AVTS carrier than when switching to other carriers.

[**End Highly Confidential Information]**

Regardless of the data source used, the switching analysis does not indicate the results that one would expect if the purported "key characteristics" created any uniqueness of substitution between among the AVTS carriers. Rather, the data show [**Begin Confidential Information]**

[**End Confidential Information]**. This is powerful evidence that even if these characteristics have some importance to consumers, they do not lead to any greater competitive interaction between T-Mobile USA and AT&T, and indeed, the switching behavior of T-Mobile USA's customers make clear that other market forces predominate. This evidence is flatly inconsistent with the argument that current customer demographics of other carriers are indicative of an inability to compete effectively with T-Mobile USA in particular, and demonstrate that they would be well positioned to replace T-Mobile USA in the marketplace post-merger.

* * *

In summary, we believe the foregoing demonstrates that the supposed distinguishing features discussed above do not, whether considered together or separately, comprise a competitively meaningful dividing line between the so-called "national" and other carriers, as suggested by some. To the contrary, the facts point to the opposite conclusion: that the other carriers do compete successfully against the AVTS carriers on all of these dimensions, and will continue to do so post-transaction.

EXHIBIT 1

This entire exhibit consisting of pages 1 through 3 has been redacted.

EXHIBIT 2

Exhibit 2: Carrier Plan Comparison

I. Nationwide Base Pricing

1. Nationwide and Regional Plan Availability

	AT&T	Verizon	Sprint	T-Mobile	Metro PCS	Leap/ Cricket	US Cellular	Cincinnati Bell	Cellular South	Virgin Mobile	TracFone	Simple Mobile	Boost Mobile
Offers nationwide pricing plans	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Offers regional pricing plans							✓		✓				

Source: Carrier websites.

2. <u>Plan components available (talk, text, web)</u>

	AT&T	Verizon	Sprint	T-Mobile	Metro PCS	Leap/ Cricket	US Cellular	Cincinnati Bell	Cellular South	Virgin Mobile	TracFone[1]	Simple Mobile	Boost Mobile
Unlimited Talk	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Less than 500 minutes	✓	✓	✓	✓	[2]	[2]	✓	✓	✓	✓	✓	[2]	[2]
More than 500 minutes	✓	✓	✓	✓	[2]	[2]	✓	✓	✓	✓	✓	[2]	[2]
Add Data	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Add Text	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Unlimited Talk, Text & Data			✓	✓[3]	✓	✓		✓[4]	✓	✓		✓	✓
Limited Talk, Text & Data			✓	✓	[5]	[5]	✓	✓	✓	✓		[2]	[2]

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[1] Does not include TracFone's separately branded Net10 and Straight Talk products.

[2] All MetroPCS and Leap plans are unlimited. Simple Mobile and Boost Mobile offer unlimited plans and pay as you go plans.

[3] Data speeds reduced if customer exceeds plan's data allotment.

[4] Data speeds reduced if customer exceeds 5GB in a month.

[5] MetroPCS and Leap plans are unlimited as to talk and text, but different data packages are available.

Source: Carrier websites/customer service.

3. Types of Plans Available

	AT&T	Verizon	Sprint	T-Mobile	Metro PCS	Leap/ Cricket	US Cellular	Cincinnati Bell	Cellular South	Virgin Mobile	TracFone	Simple Mobile	Boost Mobile
Individual Plans	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Family Plans	✓	✓	✓	✓	✓		✓	✓	✓		✓		
Multi-Lines	✓	✓	✓	✓			✓	✓	✓				
Prepaid Plans	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Contract Plans	✓	✓	✓	✓			✓	✓	✓				
International Calling Plans	✓	✓			✓	✓							✓

Source: Carrier websites.

II. National Coverage

1. Nationwide Coverage

AT&T	Verizon	Sprint	T-Mobile	Metro PCS	Leap/ Cricket	US Cellular	Cincinnati Bell	Cellular South	Virgin Mobile	TracFone	Simple Mobile	Boost Mobile
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

2. Free Domestic Roaming (Voice & Data)

	AT&T	Verizon	Sprint	T-Mobile	Metro PCS	Leap/ Cricket	US Cellular	Cincinnati Bell	Cellular South	Virgin Mobile	TracFone	Simple Mobile	Boost Mobile
Voice	✓	✓	✓	✓	✓ *	✓ *	✓	✓	✓	✓	✓		✓
Data	✓	✓		✓	✓ *	✓ *	✓	✓	✓	✓	**		✓

* MetroPCS and Leap have nationwide free roaming footprints covering 90% of POPs.
** TracFone charges fees for data usage but does not appear to charge additional fees for "roaming" on any particular network.

Source: Carrier websites/customer service.

III. Handsets

1. Handsets Features

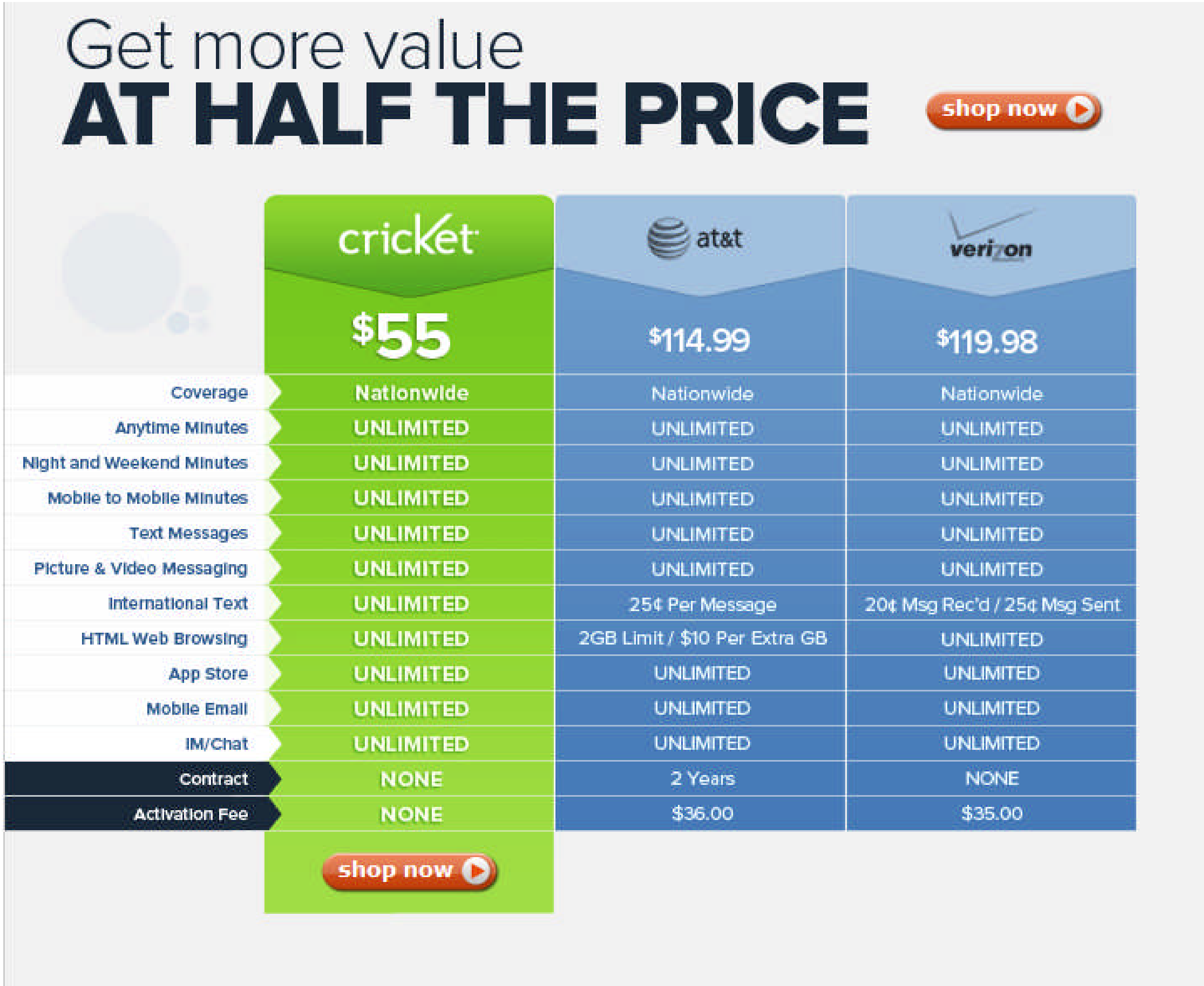
	AT&T	Verizon	Sprint	T-Mobile	Metro PCS	Leap/ Cricket	US Cellular	Cincinnati Bell	Cellular South	Virgin Mobile	TracFone	Simple Mobile	Boost Mobile
3G- Capable	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
4G- Capable	✓	✓	✓	✓	✓			✓				✓	
Touch Screen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Wi-Fi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Full Keyboard	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Camera	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Expandable Memory	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
GPS/ Navigation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Bluetooth	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Music	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mobile TV	✓	✓	✓	✓		✓	✓					✓	✓
Triband Phone	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓

Note: This section includes a checkmark if the listed feature is available on any device marketed by the company.

Source: Carrier websites.

EXHIBIT 3

Exhibit 3: Leap Plan Comparison Advertisement

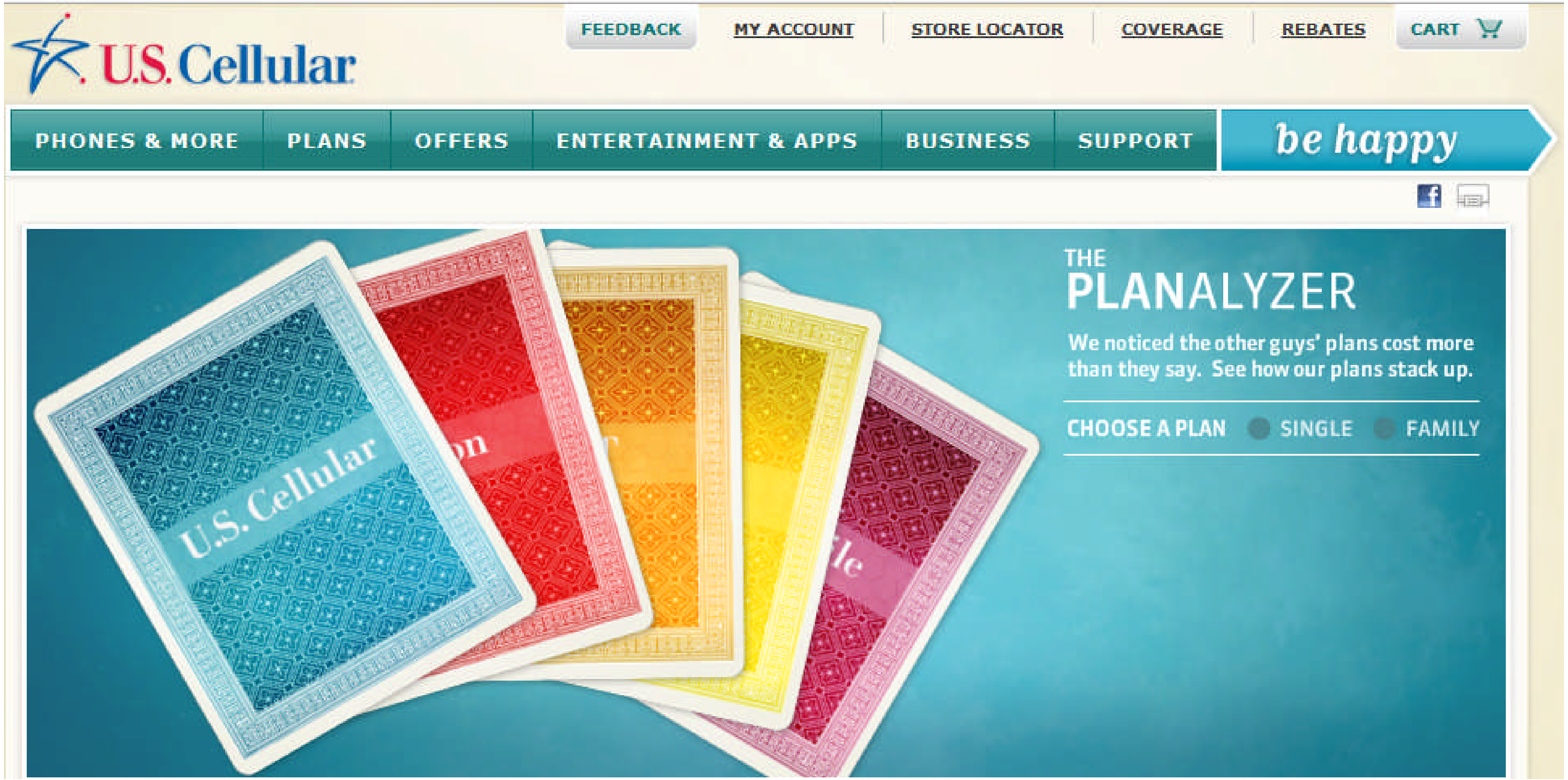


	cricket	at&t	verizon
	$55	$114.99	$119.98
Coverage	Nationwide	Nationwide	Nationwide
Anytime Minutes	UNLIMITED	UNLIMITED	UNLIMITED
Night and Weekend Minutes	UNLIMITED	UNLIMITED	UNLIMITED
Mobile to Mobile Minutes	UNLIMITED	UNLIMITED	UNLIMITED
Text Messages	UNLIMITED	UNLIMITED	UNLIMITED
Picture & Video Messaging	UNLIMITED	UNLIMITED	UNLIMITED
International Text	UNLIMITED	25¢ Per Message	20¢ Msg Rec'd / 25¢ Msg Sent
HTML Web Browsing	UNLIMITED	2GB Limit / $10 Per Extra GB	UNLIMITED
App Store	UNLIMITED	UNLIMITED	UNLIMITED
Mobile Email	UNLIMITED	UNLIMITED	UNLIMITED
IM/Chat	UNLIMITED	UNLIMITED	UNLIMITED
Contract	NONE	2 Years	NONE
Activation Fee	NONE	$36.00	$35.00

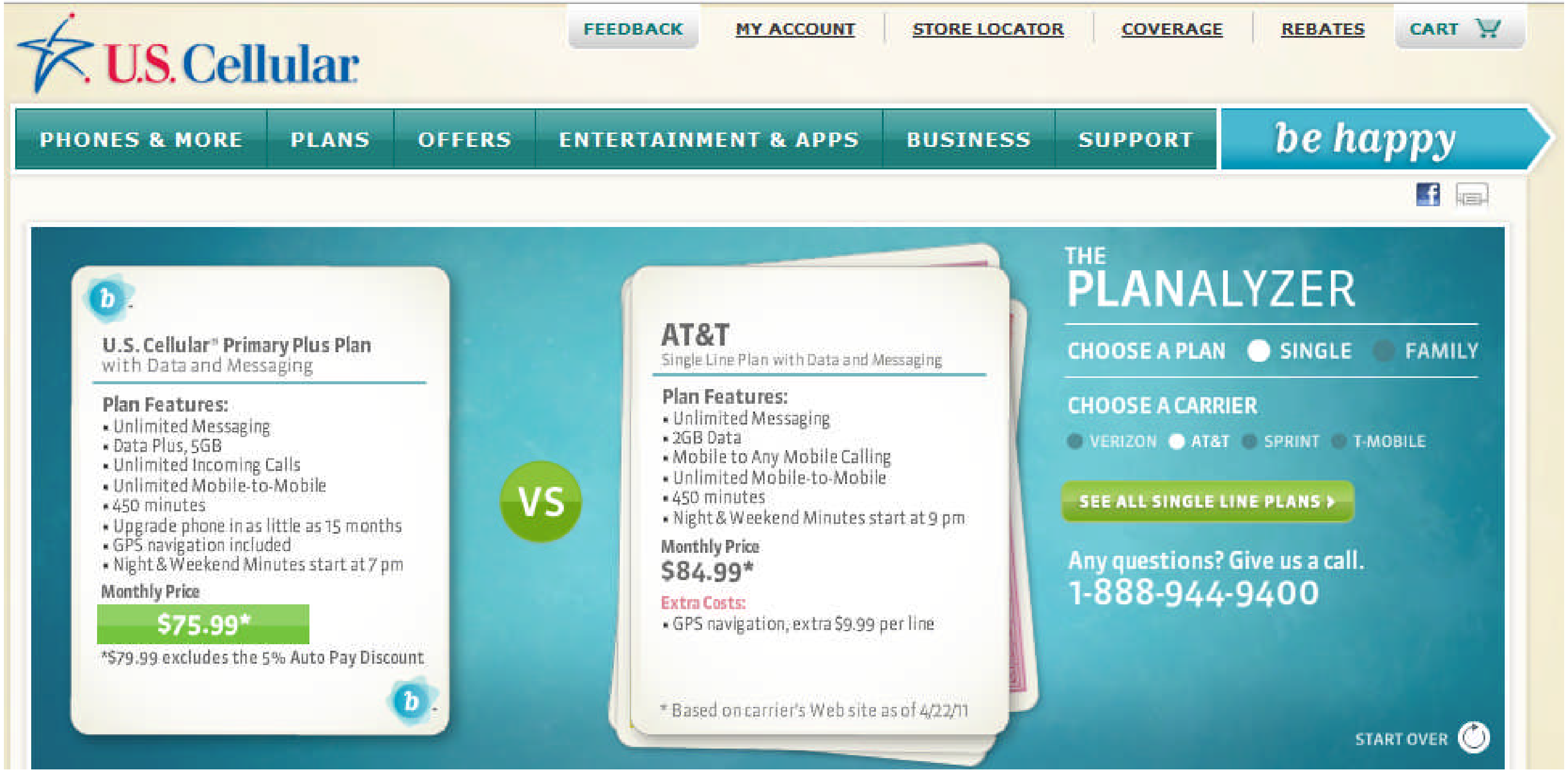
Source: Leap website

EXHIBIT 4

Exhibit 4: US Cellular "Planalyzer"



Source: US Cellular website



U.S. Cellular
FEEDBACK
MY ACCOUNT
STORE LOCATOR
COVERAGE
REBATES
CART
PHONES & MORE
PLANS
OFFERS
ENTERTAINMENT & APPS
BUSINESS
SUPPORT
be happy
U.S. Cellular Primary Plus Plan
with Data and Messaging
Plan Features:
• Unlimited Messaging
• Data Plus, 5GB
• Unlimited Incoming Calls
• Unlimited Mobile-to-Mobile
• 450 minutes
• Upgrade phone in as little as 15 months
• GPS navigation included
• Night & Weekend Minutes start at 7 pm
Monthly Price
$75.99*
*$79.99 excludes the 5% Auto Pay Discount
VS
AT&T
Single Line Plan with Data and Messaging
Plan Features:
• Unlimited Messaging
• 2GB Data
• Mobile to Any Mobile Calling
• Unlimited Mobile-to-Mobile
• 450 minutes
• Night & Weekend Minutes start at 9 pm
Monthly Price
$84.99*
Extra Costs:
• GPS navigation, extra $9.99 per line
* Based on carrier's Web site as of 4/22/11
THE
PLANALYZER
CHOOSE A PLAN
SINGLE
FAMILY
CHOOSE A CARRIER
VERIZON
AT&T
SPRINT
T-MOBILE
SEE ALL SINGLE LINE PLANS
Any questions? Give us a call.
1-888-944-9400
START OVER

EXHIBIT 5

Exhibit 5: Cellular South Competitive Advertisement

Source: Cellular South website

EXHIBIT 6

Exhibit 6: Revol Wireless Plan Comparison Advertisement

savings comparison

Revol wireless can help you save money. Check out how we compare to the "big guys" – you'll be amazed on how you can spend less and talk more with Revol Wireless.

no signed contracts | no overages | no activation fees | half the price

The Smarter Choice! Half the price when compared to the big guys.

Unlimited with no contracts, no activation fees and no surprises. Shop Now

	revol wireless	at&t®	Verizon®
	Unlimited Talk, Text & More	National Unlimited - $69.99 Messaging Unlimited - $20	Nationwide Talk & Text Unlimited
Monthly Cost	$40	$89.99	$89.99
Activation Fees	$0	$36	$35
Contract Required	NO CONTRACTS	2 year contract required	2 year contract required
Contract Required	NO CONTRACTS	2 year contract required	2 year contract required
Early Termination Fee	$0	up to $150	up to $175
Anytime Minutes	UNLIMITED	unlimited	unlimited
Night & Weekend Minutes	UNLIMITED	unlimited	unlimited
Mobile to Mobile Minutes	UNLIMITED	unlimited	unlimited
Text Messaging	UNLIMITED	unlimited	unlimited
Picture Messaging/ Media Mail	UNLIMITED	unlimited	unlimited
Voice Mail	INCLUDED	included	included
Caller ID, Call Waiting, 3-way Calling	INCLUDED	included	included
Monthly savings by switching to Revol Wireless		$50	$50
Annual savings by switching to Revol Wireless		$600	$600
Savings over 2 years by switching to Revol Wireless		$1,200	$1,200

Savings based on pricing of Individual Monthly Plans listed on AT&T and Verizon websites as of May 5, 2011 including unlimited nationwide talk & text. Availability of features vary. See coverage map for complete details.

Get the latest phones from Samsung, LG & Kyocera.

Android™ available

shop phones

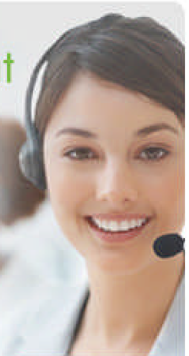
The Smarter Choice in Wireless

- No contracts
- No contracts
- No overages
- No activation fees
- No surprises

shop plans

live chat

get instant answers to your questions



start chat

Source: Revol Wireless website

EXHIBIT 7

Exhibit 7: nTelos “Switch And Save” Tool

Source: nTelos website

EXHIBIT 8

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EXHIBIT 9

This entire exhibit consisting of pages 1 through 1 has been redacted.

EXHIBIT 10

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